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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 001620

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STATE FOR SA/INS AND DS/IP/SA
LONDON FOR POL - GURNEY
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E.O. 12958: DECL: 08/25/2013
TAGS: PTER PGOV ASEC CASC NP
SUBJECT: NEPAL: REPEATED VIOLATIONS, INCREASED ATTACKS
RENDER CEASEFIRE ALL BUT NON-EXISTENT

REF: KATHMANDU 1611

Classified By: AMB. MICHAEL E. MALINOWSKI. REASON: 1.5 (B,D).

SUMMARY

¶1. (C) Since the beginning of August, increased violence and armed engagements between Government of Nepal (GON) security forces and Maoist insurgents have left the seven-month-old ceasefire a ceasefire in name only. Representatives of the GON and security forces believe that the Maoists are provoking attacks in the hopes that the Government will officially break the ceasefire, thereby shifting the blame from the Maoists themselves. The August 25 attack on the convoy of former Prime Minister Sher Bahadur Deuba seems to have been calculated to elicit just such a GON reaction. For now, we believe the GON will try to maintain the status quo--keeping the door open to another round of peace talks while responding militarily to almost daily attacks. The Maoists, on the other hand, seem bent on ratcheting up terrorist violence without explicitly breaking the ceasefire.
End summary.

AUGUST IS THE HOTTEST MONTH?

¶2. (U) Although Maoist conscription, abductions, extortion and intimidation have violated the January 29 ceasefire constantly almost since its inception, the number and intensity of armed engagements between Government of Nepal (GON) security forces and the insurgents have escalated rapidly since the beginning of August. A brief chronology of such incidents, as reported in the local press, follows below:

August 1: 1 civilian policeman killed in Amarapuri,
Nawalparasi

August 4: 1 Maoist killed in Dailekh
August 4: 3 policemen, 1 Royal Nepal Army (RNA) soldier, one
civilian killed in Maoist landmine in Gopetar, Panchhaar
August 4: District Police Office in Ramechhap attacked

August 6: 1 policeman, 1 RNA soldier killed

August 10: 5 Maoists killed in Masuriya, Kailali
August 10: 1 Maoist killed in Khokling, Taplejung

August 11: 1 policeman killed in Barabhise, Sindhupalchowk
August 11: 1 Maoist killed in Nagma, Kalikot

August 12: 1 RNA soldier killed while on leave in Thansing,
Nuwakot

August 14: 1 civilian killed in crossfire in Thamlung,
Taplejung
August 14: 3 Maoists killed in Tehrathum

August 16: 1 policeman killed in Dolakha

August 17: 17-19 Maoists killed in Doramba, Ramechhap

August 19: 2 Maoists killed in Dokhu, Taplejung
August 19: 2 policemen killed in Siraha

August 24: 10 Macists killed in Nothan, Lamjung
August 24: 10 Maoists killed in Chitti, Kaski

August 25: Maoists destroy paper factory in Dhanusha
August 25: Suspected Maoists fire on vehicle of former Prime
Minister Sher Bahadur Deuba in Kailali
August 25: 1 Maoist killed in Marmung, Gulmi

August 26: 3 Maoists killed in Brahma dev, Darchula

¶3. (C) According to security forces, many of the engagements occur when local Maoist commanders attempt to enforce a controversial 5 km-limit on the RNA that the insurgents contend the GON accepted at the May 9 round of

negotiations. (Note: The RNA maintains that no such agreement was made and patrols as needed throughout the country. End note.) There is some suspicion that the Maoists may be energizing sympathetic audiences in the NGO community to portray these engagements--when they do not turn out well for the Maoists--as human rights violations.

ATTACK ON DEUBA

14. (C) Besides open engagements with the security forces, the Maoists upped the ante with a targeted attack on the convoy of former Prime Minister Sher Bahadur Deuba in Kailali on August 25 (Reftel). In a conversation with the Ambassador on August 26, Deuba said that he was en route to a political rally in Dang at the time of the attack. He had received no specific direct threats (although a vernacular newspaper had reported on August 18 that the Maoists were planning to target Deuba because he is an "American puppet"), but the police had warned him that the area was dangerous and had urged him not to travel by road. At an uninhabited and heavily wooded area along the East-West Highway (where several incidents had occurred previously), suspected Maoists opened fire on the lead vehicle in Deuba's convoy, a police car. According to Deuba, the first vehicle was hit three times by gunfire, while his own vehicle was hit in the tire. No one was injured in the incident, and Deuba said he was planning to continue his political program in Dang later that same day. He attributed the attack to Maoist displeasure with his recent public statements criticizing them, as well as his history of successfully marshaling international support to oppose the Maoists. On August 26 Prime Minister Surya Bahadur Thapa condemned the attack as a violation of the ceasefire that "raised serious doubts about the Maoists' commitment to the peace process."

TURNING UP THE HEAT ON BIG BUSINESSES

15. (C) Besides armed hostilities, Maoist extortion on large businesses, including some high-profile foreign investments, has rapidly escalated. Besides the arson that destroyed the paper mill in Dhanusha on August 25 (Reftel), a prominent local businessman told us that the Maoists have threatened to shut down a large jute mill that he owns in Morang. The Maoists also have levied exorbitant demands for "donations" on the operators of two separate hydropower projects with German and Norwegian investment. The Nepali plant manager for the Khimti Power Plant in Dolakha District, in which the Norwegian government holds a 73 percent share, reported receiving a demand for 20 million Nepali rupees (approximately USD 270,000), or 50 percent of the royalties the plant pays to the GON. According to the manager, the Maoists justified their demand by claiming that they were a political force equal in power to the GON and thus entitled to an equal amount of revenue from the project. The Maoists also threatened the personal safety of the director and that of his family unless he provided an additional USD 2,500 from his own pocket. (So far, the Bhote Koshi power project, which is composed of more than 98 percent U.S. investment, has received no such threats.) The Maoists are reportedly putting the touch on members of mainstream political parties as well. One source in the Nepali Congress reported extortion demands ranging from USD 300-2,700. The parties are reluctant to publicize the threats out of fear of Maoist retaliation.

WHY NOW?

16. (C) We view the increased incidence of armed engagements as a calculated attempt by the Maoists to provoke the GON into ending the ceasefire--thereby, at least in the Maoists' logic, forfeiting the moral high ground of continuing negotiations and pursuing peace. The assassination attempt on Deuba is a particularly flagrant effort to achieve that aim. The Maoists have likely determined that they will be unable to obtain GON commitment to (or multi-party support for), a constituent assembly but are unwilling to appear--especially to the international community--to be the intransigent party. Instead, the Maoists appear to be pursuing a policy of escalating violence, gradually increasing the pressure on the GON without ever closing the door to further negotiations--on their terms. So far, the GON has not reacted to Maoist provocation except to respond to individual attacks. While the RNA has proven itself ready to return Maoist fire, it is just as unwilling as its adversaries to pronounce the peace process officially dead. We expect the current situation--a nominal ceasefire with an increasing level of violent confrontations--to continue in the near term.

MALINOWSKI